

Message Text

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PAGE 01 QUITO 08041 122242Z

14

ACTION ARA-10

INFO OCT-01 EB-07 ISO-00 /018 W
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R 122143Z NOV 76
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TO SECSTATE WASHDC 2229
INFO USDOC
AMCONSUL GUAYAQUIL

UNCLAS QUITO 8041

E.O. 11652: N/A
TAGS: BENC, BTIO, EC
SUBJECT: NEW MAJOR PROJECT/INVESTMENT OPPORTUNITY-CEMENTOS
COTOPAXI, C.A.

1. CEMENTOS COTOPAXI, C.A., A MIXED PUBLIC-PRIVATE COMPANY, WISHES TO LOCATE A JOINT VENTURE PARTNER TO DESIGN AND CONSTRUCT A CEMENT PLANT ON THE 2,300 HECTARES OWNED BY THE COMPANY NEAR LATACUNGA, COTOPAXI PROVINCE. THE COMPANY WAS ESTABLISHED IN 1974 AND HAS AS MAJOR STOCKHOLDER (48 PCT) THE COMISION DE VALORES, THE GOE DEVELOPMENT FINANCE CORPORATION.

2. THE PLANT IS TO PRODUCE 1,000 TONS OF PORTLAND CEMENT DAILY USING LIMESTONE FROM NEARBY DEPOSITS. A PRE-FEASIBILITY STUDY OF THE PROJECT WAS CONDUCTED IN 1974 BY THE CANADIAN FIRM WATTS, GRIFFS AND MCQUAT, LTD.

3. THE TOTAL INVESTMENT COST OF THE PROJECT IS ESTIMATED AT \$50 MILLION, 70 PCT OF WHICH MUST BE PROVIDED BY THE FOREIGN INVESTOR.
AS A PARTNER IN A MIXED ENTERPRISE, THE FOREIGN INVESTOR MAY CONTROL UP TO 80 PCT OF THE FIRM. REPATRIATION OF UP TO 20 PCT PER YEAR OF INVESTED CAPITAL WILL BE PERMITTED. BECAUSE THE FOREIGN PARTNER WILL BE EXPECTED TO CONDUCT A FULL FEASIBILITY STUDY IN CONNECTION WITH THE DESIGN ENGINEERING OF THE PLANT, THE PARTNER MIGHT WELL BE A CONSORTIUM INCLUDING A CONSULTING FIRM.

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4. THE COMPANY WOULD ESPECIALLY LIKE TO RECEIVE AN
OFFER FROM A FIRM SUCH AS LONE STAR INDUSTRIES INC.,
GREENWICH, CONN., THAT ALREADY HAS OPERATIONS IN LATIN
AMERICA. INTERESTED U.S. FIRMS SHOULD CONTACT:

LIC. JOSE GABRIEL TERAN VAREA,
MANAGER
CEMENTOS COTOPAXI, C.A.
18 DE SEPTIEMBRE 213
CASILLA DE CORREOS 163
QUITO, ECUADOR
TEL: 528715

5. IN LIGHT OF A CONTINUING CEMENT SHORTAGE IN ECUADOR
THAT IS ESPECIALLY SEVERE IN THE SIERRA, WHERE TRANSPORTATION
COSTS ARE RELATIVELY HIGH, THIS PROJECT IS LIKELY TO
RECEIVE HIGH PRIORITY TREATMENT FROM THE ECUADOREAN
GOVERNMENT.
BLOOMFIELD

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Margaret P. Grafeld
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